



Fresenius
Aktiengesellschaft
Bad Homburg v. d. H.

Invitation to the Ordinary General Meeting

ISIN: DE0005785604 // WKN: 578 560

ISIN: DE0005785620 // WKN: 578 562

ISIN: DE0005785638 // WKN: 578 563

We hereby invite our shareholders to attend the

Ordinary General Meeting

to be held at 10.00 am on May 10, 2006 at the Congress Center Messe Frankfurt, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main.

Agenda

- 1. Presentation of the formally approved annual financial statements of Fresenius AG and the approved consolidated financial statements for the 2005 fiscal year. Presentation of the Management Reports for the Fresenius Group and Fresenius AG for 2005. Presentation of the Report of the Supervisory Board.**

- 2. Resolution on the appropriation of the distributable profits**

The Management Board and the Supervisory Board propose that the distributable profits in the amount of EUR 76,052,716.67 shown in the annual financial statements should be used as follows:

Payment of a dividend of € 1,48 per bearer ordinary share on the 25,361,140 ordinary shares entitled to dividend	Euro	37,534,487.20
Payment of a dividend of € 1,51 per bearer preference share on the 25,361,140 preference shares entitled to dividend	Euro	38,295,321.40
The dividend is payable on May 11, 2006.		
Balance to be carried forward	Euro	<u>222,908.07</u>
	Euro	76,052,716.67

3. Resolution on approval of the actions of the Management Board for the fiscal year 2005

The Management Board and Supervisory Board propose that approval should be given.

4. Resolution on approval of the actions of the Supervisory Board for the fiscal year 2005.

The Management Board and Supervisory Board propose that approval should be given.

5. Resolution concerning revocation of the previous Approved Capital II and for the creation of new Approved Capital I and II and corresponding modifications of the Articles of Association.

The Management Board and Supervisory Board propose that the following resolution is passed:

- a. The authorization to increase the subscribed capital in § 4 paragraph 4 of the Articles of Association (Approved Capital II) is cancelled and § 4 paragraph 4 of the Articles of Association is deleted.
- b. New Approved Capital I of EUR 12,800,000 is created. For this purpose a new paragraph 3 is inserted in § 4 of the Articles of Association. The new paragraph 3 is worded as follows:

"The Management Board is authorized until May 9, 2011 - with the consent of the Supervisory Board - to increase the company's subscribed capital by a nominal total amount of up to EUR 12,800,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions (Approved Capital I). The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to shareholders. The Management Board is, however, authorized to exclude residual fractional amounts from the shareholders' subscription right and, in the event of a simultaneous issue of ordinary and preference shares, to exclude rights of the holders of one class of shares to subscribe to the shares of the other class if the subscription ratio is set the same for both classes. The authorization also includes the power to issue further preference shares equivalent to the previously issued non-voting preference shares in the distribution of the company's profits or assets. The power may be exercised only to the extent that, when utilizing the entire Approved Capitals registered in the Commercial Register pursuant to the resolutions in the General Meeting on May 10, 2006, the number of ordinary shares issued does not exceed the number of non-voting preference shares."

- Convenience Translation -

- c. New Approved Capital II is created in the amount of EUR 6,400,000. For this purpose, a new paragraph 4 is inserted in § 4 of the Articles of Association in lieu of the deleted § 4 paragraph 4 as described in a) above. The new paragraph 4 is worded as follows:

” The Management Board is authorized until May 9, 2011 - with the consent of the Supervisory Board - to increase the company’s subscribed capital by a nominal total amount of up to EUR 6,400,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions and/or contributions in kind (Approved Capital II). The number of shares must increase in the same proportion as the subscribed capital. The Management Board is authorized to exclude residual fractional amounts from the shareholders’ subscription right and, in the event of a simultaneous issue of ordinary and preference shares, to exclude rights of the holders of one class of shares to subscribe to the shares of the other class if the subscription ratio is set the same for both classes. The Management Board is further authorized to decide on the exclusion of the shareholders’ subscription right, in each case with the consent of the Supervisory Board. The exclusion of the shareholders’ subscription right is, however, permissible only if, in the case of a capital increase against cash contributions, the issue amount is not substantially less than the stock-exchange price. In the case of a capital increase against contributions in kind, the exclusion of subscription rights is permissible only for the acquisition of a company or parts of a company or a participating interest in a company. The authorization also includes the power to issue further preference shares equivalent to the previously issued non-voting preference shares in the distribution of the company’s profits or assets. The power may be exercised only to the extent that, when utilizing the entire Approved Capitals registered in the Commercial Register pursuant to the resolutions in the General Meeting on May 10, 2006, the number of ordinary shares issued does not exceed the number of non-voting preference shares.“

6. Resolution on other amendments to the Articles of Association.

New provisions in the German Stock Corporation Law (AktG), particularly as a result of the Transparency and Disclosure Law (TransPuG) and the Law on Corporate Integrity and Modernization of the Right of Appeal (UMAG), necessitate the following amendments to the Articles of Association.

The Management Board and the Supervisory Board propose that a resolution is passed to approve the following amendments to the Articles of Association:

- a. An editorial change is made to § 3 of the Articles of Association to clarify that announcements by the company are made in the electronic version of the Federal Gazette (Bundesanzeiger). Pursuant to Article 5 TransPuG the electronic Bundesanzeiger has since January 1, 2003 been the mandatory medium for announcements by the company. This stipulation is reflected by the following proposed amendment to the Articles of Association.

- Convenience Translation -

§ 3 of the Articles of Association “Announcements” is reworded as follows:
”Announcements by the company will be made in the electronic Federal Gazette (elektronischer Bundesanzeiger).”

- b. In paragraph (2) sentence 2 of § 5 “Shares”, the shareholder’s right to a share certification pursuant to § 10 paragraph 5 AktG is excluded. This suggestion by the management is intended to save costs.

§ 5 paragraph (2) sentence 2 is reworded as follows:
”A shareholder’s right to a certification of his shares is excluded unless certification is required under the regulations which apply on any stock exchange on which the shares are listed.”

- c. The proposed amendment to § 7 paragraph 3 a) of the Articles of Association provides for an increase in the value limit for the Supervisory Board’s approval requirement. The new limit reflects the current size of the company.

§ 7 paragraph 3 a) is reworded as follows:
”The express prior consent of the Supervisory Board is required a) for the acquisition, disposal or encumbrance of real estate or equivalent rights if the value exceeds EUR 15.000.000 in any individual case.”

- d. The proposed amendment to § 10 paragraph 1 sentence 3 of the Articles of Association with regard to the summoning of Supervisory Board meetings reflects the growing importance of electronic communication media, particularly e-mail, and their advantages for the transmission of large documents.

§ 10 paragraph 1 sentence 3 is reworded as follows:
”In urgent cases the period may be shortened and the summons may be issued by telegraphic means, telefax, other electronic communication media (e-mail, etc.) or telephone.”

- e. The proposed amendment to § 10 paragraph 2 of the Articles of Association is intended to make it easier for the Supervisory Board to pass resolutions outside personally attended meetings. For this purpose, the option of videoconferencing is in particular opened up. Every member of the Supervisory Board retains the right to oppose to resolutions passed outside personally attended meetings.

§ 10 paragraph 2 is reworded as follows:
”Resolutions of the Supervisory Board are generally passed in meetings attended by them in person. It is nevertheless permissible for meetings of the Supervisory Board to be held in the form of a video conference or that individual Supervisory Board members can be linked through a video transmission and that in such cases resolutions may be passed or votes cast through the video conference or video transmission. Outside meetings, resolutions may be passed in writing or by telegraphic means, remote written communication methods, telefax, or other electronic communication media (e-mail, etc.) or telephone if the Chairman of the Supervisory Board or, in the absence of the Chairman, his deputy asks for this and no member of the Supervisory Board promptly objects in writing to this procedure.”

- Convenience Translation -

- f. The proposed amendment to § 10 paragraph 6 sentence 2 of the Articles of Association follows the proposed amendments to § 10 paragraph 2 of the Articles of Association.

§ 10 paragraph 6 sentence 2 of the Articles of Association is reworded as follows:

"The written record which must be kept of resolutions passed outside personally attended meetings pursuant to § 10 paragraph 2 must be signed by the Chairman of the Supervisory Board."

- g. The list of provisions under § 11 paragraph 3 sentence 2 of the Articles of Association where the Supervisory Board is authorized to amend the Articles of Association without a resolution by the General Meeting should consequently also cover the Conditional Capital II which was resolved by the General Meeting in 2003.

§ 11 paragraph 3 sentence 2 of the Articles of Association is reworded as follows:

"This also applies in cases covered by § 4 paragraph (1) sentence 1, (3), (4), (5) and (6)."

- h. The Law on Corporate Integrity and Modernization of the Right of Appeal (UMAG) results in new regulations with regard to the advance notice and participation requirements for general meetings. The proposed amendments to § 14 and § 15 of the Articles of Association reflect these requirements.

§ 14, paragraph (1) is reworded as follows:

"(1) The General Meeting must be summoned at least 30 days before the latest date on which shareholders are required to register for the General Meeting."

Under § 15, paragraphs (1) to (3) are deleted and the new paragraphs (1) and (2) are inserted:

"(1) Shareholders who wish to attend the General Meeting or exercise their voting rights must register for the General Meeting and produce proof of entitlement. The registration and proof of entitlement must be received by the company (at the address stated for this purpose in the summons) by the seventh day before the General Meeting (registration date) at the latest. If this period ends on a Saturday or Sunday or on a public holiday which is recognized by law at the location of the company's registered offices, the previous working day is decisive for receipt.

(2) For proof of entitlement pursuant to paragraph 1, special evidence of the share ownership made out in text form in English or German by the bank maintaining the securities account is sufficient. Proof of shares not held in a collective securities custody account can also be issued by the company or a bank against handover of the shares. Proof of share ownership must relate to the time stipulated in the German Stock Corporation Law (Aktiengesetz)."

- Convenience Translation -

- i. UMAG opens up the possibility for the Chairman of the General Meeting to be empowered by the Articles of Association to place a reasonable time limit on the shareholders' right to ask questions and speak, and decide further provisions in this regard. The proposed amendment to the Articles of Association makes use of this possibility.

§ 17 paragraph 2 of the Articles of Association is reworded as follows:
"The Chairman leads the meeting, determines the sequence of subjects for discussion and of speakers and the nature and form of voting. At the start of or during the General Meeting the Chairman may set reasonable limits on speaking time, question time and the total time for speaking and questions together, for the purpose of expressing comments on individual agenda items and for individual contributions through comments or questions. He orders the closure of debate if and as soon as this is necessary for the orderly conduct of the General Meeting."

- j. The proposed amendment to §18 paragraphs 3 and 4 of the Articles of Association reflects the requirements of TransPuG for presentation of the annual financial statements and consolidated financial statements to the Supervisory Board.

§ 18 paragraphs 3 and 4 of the Articles of Association are reworded as follows:

"(3) The Supervisory Board places the commission for the audit by the auditor."

"(4) The Management Board must present the annual financial statements and Management Report and the consolidated financial statements and the consolidated Management Report to the Supervisory Board without delay after their preparation. The Management Board must at the same time present to the Supervisory Board the proposal which it wishes to make to the General Meeting for the appropriation of distributable profits."

7. Election of the auditor for the fiscal year 2006.

The Supervisory Board proposes to elect KPMG Deutsche Treuhand-Gesellschaft Aktiengesellschaft Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, as the auditor for the 2006 fiscal year.

Participation in the General Meeting

Since the Law on Corporate Integrity and Modernization of the Right of Appeal came into effect on November 1, 2005, the conditions of entitlement to participate in the General Meeting have changed. For the shareholders of our company, the following possibilities exist, in parallel, to fulfill the conditions for participation in the General Meeting. For participation entitlement, fulfillment of **one** of the stated conditions is sufficient:

Participation entitlement through deposition of shares

Entitlement to participate in the General Meeting is enjoyed by shareholders who at the latest by the start of the twenty-first day before the date of the General Meeting, i.e. before the start of April 19, 2006 (0.00 hours) deposit their shares with the company, with a Notary Public in the Federal Republic of Germany, with a securities clearing and deposit bank or with one of the banks named below or their branches, during business hours, until the end of the General Meeting.

The depository banks are:

Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
WestLB AG
Bayerische Hypo- und Vereinsbank AG
Bayerische Landesbank
COMMERZBANK Aktiengesellschaft
DZ BANK AG Deutsche Zentral- und Genossenschaftsbank.

In case of deposit with a German Notary Public or a securities clearing and deposit bank, we request that the certificate to be issued by these is submitted to the company cashier at the latest by the end of May 8, 2006 (24.00 hours).

The shares will be deemed properly deposited if, with the consent of a depository agent for the shares, they are blocked by a bank until the end of the General Meeting.

Participation entitlement through special proof of share ownership

Entitlement to participate in the General Meeting is furthermore enjoyed by shareholders who, pursuant to § 123 paragraph 3 sentence 2 AktG, provide evidence of their share ownership issued in text form by the bank maintaining their securities account. The evidence of share ownership must relate to the start of the twenty-first day before the date of the General Meeting, i.e. the start of April 19, 2006 (0.00 hours), and must be received by the company at the following address by the end of May 5, 2006 (24.00 hours) at the latest:

Fresenius Aktiengesellschaft
c/o Dresdner Bank AG
OSS SO Hauptversammlungen
Jürgen-Ponto-Platz 1
60329 Frankfurt am Main
Telefax: + 49(0)69/263-15263
E-mail: tbhvservice@dresdner-bank.com

For the deposited shares or the share ownership evidence submitted, the shareholder or authorized representative will receive an admission ticket to the General Meeting.

- Convenience Translation -

Each ordinary share gives entitlement to one (1) vote in the General Meeting. The preference shares have no voting right.

The shareholder may exercise its voting right and/or participation right at the General Meeting by a proxy, eg through the custodian bank, a shareholder association or another person of its choice. In addition, the company offers its shareholders the opportunity prior to the General Meeting to authorize employees nominated by the company as instruction-bound voting-right representatives. Shareholders who wish to issue a proxy to the voting-right representatives nominated by the company require for this purpose an admission ticket to the General Meeting. The proxies must be provided to the company in writing. Appropriate documents and information will be received by the shareholders together with the admission ticket to the General Meeting. To ensure timely receipt of the admission ticket, an order should be placed with the depository bank as early as possible.

Counter motions pursuant to § 126 paragraph 1 AktG should be submitted exclusively to:

Fresenius AG
Investor Relations
Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H.

Telefax: +49 (0) 61 72 / 608 - 24 88

Counter motions of shareholders which have to be made accessible will be published on the Internet address <http://www.fresenius.de> after their receipt.

Bad Homburg v.d.H., March 2006

Fresenius Aktiengesellschaft
The Management Board



Fresenius
Aktiengesellschaft
Bad Homburg v. d. H.

Invitation to the Separate Meeting of Preference Shareholders

ISIN: DE0005785638 // WKN: 578 563

We hereby invite our preference shareholders to the

Separate Meeting

to be held on Wednesday May 10, 2006 after the Ordinary General Meeting starting at 10.00 am in the Congress Center Messe Frankfurt, Ludwig-Erhard-Anlage 1, 60327 Frankfurt am Main.

Agenda

Consent to the resolution of the Ordinary General Meeting on the same date concerning revocation of the previous Approved Capital II and for the creation of new Approved Capital I and II and a corresponding modification of the Articles of Association.

The Management Board and the Supervisory Board propose that consent is given to the following resolution of the Ordinary General Meeting on the same date:

- a. The authorization to increase the subscribed capital in § 4 paragraph 4 of the Articles of Association (Approved Capital II) is cancelled and § 4 paragraph 4 of the Articles of Association is deleted.
- b. New Approved Capital I of EUR 12,800,000 is created. For this purpose a new paragraph 3 is inserted in § 4 of the Articles of Association. The new paragraph 3 is worded as follows:

"The Management Board is authorized until May 9, 2011 - with the consent of the Supervisory Board - to increase the company's subscribed capital by a nominal total amount of up to EUR 12,800,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions (Approved Capital I). The number of shares must increase in the same proportion as the subscribed capital. A subscription right must be granted to shareholders. The Management Board is, however, authorized to exclude residual fractional amounts from the shareholders' subscription right and, in the event of a simultaneous issue of ordinary and preference shares, to exclude rights of the holders of one class of shares to subscribe to the shares of the other class if the subscription ratio is set the same for both classes.

- Convenience Translation -

The authorization also includes the power to issue further preference shares equivalent to the previously issued non-voting preference shares in the distribution of the company's profits or assets. The power may be exercised only to the extent that, when utilizing the entire Approved Capitals registered in the Commercial Register pursuant to the resolutions in the General Meeting on May 10, 2006, the number of ordinary shares issued does not exceed the number of non-voting preference shares."

- c. New Approved Capital II is created in the amount of EUR 6,400,000. For this purpose, a new paragraph 4 is inserted in § 4 of the Articles of Association in lieu of the deleted § 4 paragraph 4 as described in a) above. The new paragraph 4 is worded as follows:

" The Management Board is authorized until May 9, 2011 - with the consent of the Supervisory Board - to increase the company's sub-scribed capital by a nominal total amount of up to EUR 6,400,000 through a single or multiple issue of new bearer ordinary shares and/or non-voting bearer preference shares against cash contributions and/or contributions in kind (Approved Capital II). The number of shares must increase in the same proportion as the subscribed capital. The Management Board is authorized to exclude residual fractional amounts from the shareholders' subscription right and, in the event of a simultaneous issue of ordinary and preference shares, to exclude rights of the holders of one class of shares to subscribe to the shares of the other class if the subscription ratio is set the same for both classes. The Management Board is further authorized to decide on the exclusion of the shareholders' subscription right, in each case with the consent of the Supervisory Board. The exclusion of the shareholders' subscription right is, however, permissible only if, in the case of a capital increase against cash contributions, the issue amount is not substantially less than the stock-exchange price. In the case of a capital increase against contributions in kind, the exclusion of subscription rights is permissible only for the acquisition of a company or parts of a company or a participating interest in a company. The authorization also includes the power to issue further preference shares equivalent to the previously issued non-voting preference shares in the distribution of the company's profits or assets. The power may be exercised only to the extent that, when utilizing the entire Approved Capitals registered in the Commercial Register pursuant to the resolutions in the General Meeting on May 10, 2006, the number of ordinary shares issued does not exceed the number of non-voting preference shares."

Participation in the Separate Meeting of Preference Shareholders

Since the Law on Corporate Integrity and Modernization of the Right of Appeal came into effect on November 1, 2005, the conditions of entitlement to participate in the Special Meeting of Preference Shareholders have changed. For the shareholders of our company, the following possibilities exist, in parallel, to fulfill the conditions for participation in the Special Meeting of Preference Shareholders. For participation entitlement, fulfillment of **one** of the stated conditions is sufficient:

Participation entitlement through deposition of shares

- Convenience Translation -

Entitlement to participate in the Special Meeting of Preference Shareholders is enjoyed by shareholders who at the latest by the start of the twenty-first day before the date of the Special Meeting of Preference Shareholders, i.e. before the start of April 19, 2006 (0.00 hours) deposit their shares with the company, with a Notary Public in the Federal Republic of Germany, with a securities clearing and deposit bank or with one of the banks named below or their branches, during business hours, until the end of the Special Meeting of Preference Shareholders.

The depository banks are:

Deutsche Bank Aktiengesellschaft
Dresdner Bank Aktiengesellschaft
WestLB AG
Bayerische Hypo- und Vereinsbank AG
Bayerische Landesbank
COMMERZBANK Aktiengesellschaft
DZ BANK AG Deutsche Zentral- und Genossenschaftsbank.

In case of deposit with a German Notary Public or a securities clearing and deposit bank, we request that the certificate to be issued by these is submitted to the company cashier at the latest by the end of May 8, 2006 (24.00 hours).

The shares will be deemed properly deposited if, with the consent of a depository agent for the shares, they are blocked by a bank until the end of the Special Meeting of Preference Shareholders.

Participation entitlement through special proof of share ownership

Entitlement to participate in the Special Meeting of Preference Shareholders is furthermore enjoyed by shareholders who, pursuant to § 123 paragraph 3 sentence 2 AktG, provide evidence of their share ownership issued in text form by the bank maintaining their securities account. The evidence of share ownership must relate to the start of the twenty-first day before the date of the Special Meeting of Preference Shareholders, i.e. the start of April 19, 2006 (0.00 hours), and must be received by the company at the following address by the end of May 5, 2006 (24.00 hours) at the latest:

Fresenius Aktiengesellschaft
c/o Dresdner Bank AG
OSS SO Hauptversammlungen
Jürgen-Ponto-Platz 1
60329 Frankfurt am Main
Telefax: + 49(0)69/263-15263
E-mail: tbhvservice@dresdner-bank.com

For the deposited shares or the share ownership evidence submitted, the shareholder or authorized representative will receive an admission ticket to the Special Meeting of Preference Shareholders.

- Convenience Translation -

Each preference share gives entitlement to one (1) vote in the Special Meeting of Preference Shareholders.

The shareholder may exercise its voting right and/or participation right in the Special Meeting of Preference Shareholders by a proxy, eg through the custodian bank, a shareholder association or another person of its choice. In addition, the company offers its shareholders the opportunity prior to the Special Meeting of Preference Shareholders to authorize employees nominated by the company as instruction-bound voting-right representatives. Shareholders who wish to issue a proxy to the voting-right representatives nominated by the company require for this purpose an admission ticket to the Special Meeting of Preference Shareholders. The proxies must be provided to the company in writing. Appropriate documents and information will be received by the shareholders together with the admission ticket to the Special Meeting of Preference Shareholders. To ensure timely receipt of the admission ticket, an order should be placed with the depository bank as early as possible.

Counter motions pursuant to § 126 paragraph 1 AktG should be submitted exclusively to:

Fresenius AG
Investor Relations
Else-Kröner-Strasse 1
61352 Bad Homburg v.d.H.

Telefax: +49 (0) 61 72 / 608 - 24 88

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Bad Homburg v.d.H., March 2006

Fresenius Aktiengesellschaft
The Management Board

Report of the Management Board to the Ordinary General Meeting of Fresenius Aktiengesellschaft (re agenda item 5) and to the Separate Meeting of Preference Shareholders (re the sole agenda item) of Fresenius Aktiengesellschaft on May 10, 2006 pursuant to § 186 paragraph 4 sentence 2 and § 203 paragraph 2 AktG

Approved Capital I and II

The authorization to utilize the remaining Approved Capital II ends on May 30, 2006. The Approved Capital I and parts of the Approved Capital II were utilized in the course of the capital increase carried out in the fourth quarter of 2005. Through the resolution pursuant to agenda item 5 in the Ordinary General Meeting and pursuant to the sole agenda item in the Separate Meeting of Preference Shareholders, new Approved Capital classes are to be created, through an amendment to the Articles of Association, up to a nominal amount of EUR 19,200,000, with a time limit until May 9, 2011. The remaining Approved Capital II is to lapse.

Approved Capital I:

If management exercises the authorization to increase the capital, the new shares from Approved Capital I – with a total nominal amount of up to EUR 12,800,000 – will, in principle, be offered to the shareholders for subscription. The formation of the Approved Capital I is intended to ensure once more that the company can strengthen its equity base when capital market conditions are favorable. In the event of a simultaneous issue of ordinary and preference shares, the management will be empowered to exclude the shareholders' statutory subscription right to the effect that the ordinary shareholders receive a subscription right only to new ordinary shares and that the preference shareholders receive a subscription right only to new preference shares. This power may be exercised, however, only if the subscription ratio is the same for both share classes. This form of subscription restriction makes it possible to ensure that in the course of a capital increase the ratio between the holdings of the two shareholder groups is kept constant. Beyond this, the management is entitled to exclude the subscription right only for residual fractional amounts in order to achieve a rounded amount for the issue value and the subscription ratio.

At the appropriate time the subscription price will be set in such a way that the interests of the shareholders and the company are reasonably taken into account under due consideration of the capital market situation.

Approved Capital II:

In addition to the Approved Capital I the Management Board and the Supervisory Board propose to the General Meeting the creation of an Approved Capital II in the nominal amount of up to EUR 6,400,000. In addition to the possibility to exclude the subscription right for residual fractional amounts and a reciprocal exclusion of rights for holders of one share class to subscribe to shares in the other share class, the Management Board shall also be authorized to exclude the statutory subscription right completely. The capital increases may be effected through cash contributions or contributions in kind. The creation of this new Approved Capital II intends to ensure that the company can continue to strengthen its equity basis under optimal conditions and can, for the purpose of acquisitions, issue ordinary shares and preference shares against contributions in kind. The proposed authorization to issue ordinary shares and preference shares against contributions in kind is intended to give the company the neces-

- Convenience Translation -

sary latitude for rapid and flexible exploitation of opportunities which may arise to acquire companies or participating interests in them. This is reflected by the creation of the Approved Capital excluding shareholder subscription rights in the case of contributions in kind since a capital increase by a resolution in the General Meeting would not be possible in the event of emerging acquisition opportunities or would not necessarily allow the flexibility essential in takeovers.

The Management Board may, with the consent of the Supervisory Board, be authorized to exclude the shareholders' subscription right under utilization of the Approved Capital II in the case of contributions in kind for the acquisition of a company or a participating interest in a company but, in the case of cash contributions, only if the issue amount is not substantially less than the stock exchange price. Without the exclusion of subscription rights, the Approved Capital II could not, in the case of contributions in kind, be used for the intended funding of an acquisition. The subscription right exclusion in the case of cash capital increases demands an issue amount which is not substantially less than the stock exchange price of the ordinary or preference shares, which is in line with the legislative assessment in § 186 paragraph 3 sentence 4 AktG, where a dilution of the value of the shareholdings of the previous shareholders is largely excluded. A placement under a subscription right exclusion opens up the opportunity for a much larger funds inflow to be achieved than in the case of a subscription rights issue. The key reason for this is that a placement without a statutory subscription period can take place immediately after determination of the issue amount, so no price alteration risk needs to be taken into account with regard to the issue amount during the subscription period. This form of capital increase means that the equity strengthening required for future development of the business can be carried out by the Management Board under optimal conditions with the flexibility to exploit favorable market situations.

This authorization is limited to a maximum total of 10% of the company's subscribed capital at the time of the resolution.